

**THE MEGHALAYA  
STATE ELECTRICITY REGULATORY COMMISSION  
SEVENTH ANNUAL REPORT  
2013 – 2014**

**(As required under Section 105 of EA-2003)**



**NEW ADMINISTRATIVE BUILDING, 1<sup>ST</sup> FLOOR, LEFT WING, LOWER  
LACHUMIERE, SHILLONG – 793001**

**Website: [www.mserc.gov.in](http://www.mserc.gov.in) & e-mail : [mmserc@gmail.com](mailto:mmserc@gmail.com)**

**Phone : 0364/2500142,2500144 & FAX : 0364 2500062**

## INDEX

<b>SL. No.</b>	<b>CONTENTS</b>	<b>Page No.</b>
X	Cover Page	1
X	Index	2
1	Introduction	3
2	The Commission	3
3	Mission of the Commission.	3
4	Functions of the Commission.	4
5	Chairperson.	5
6	Consultative Bodies.	5
7	Human Resources.	5
8	Office accommodation.	6
9	LAN and Website.	6
10	State Advisory Committee.	6
11	CGRF	7
12	Ombudsman.	8
13	Financial resources.	9
14	Tariff Orders for SLDC	10
15	Tariff Orders & Commission Directives for Transmission	10
16	Tariff Orders & Commission Directives for Generation	11
17	Tariff Orders & Commission Directives for Distribution	15
18	Financial discipline	21
19	Audit report.	21
20	Conclusion.	21

# ANNUAL REPORT

2013-14

## 1. INTRODUCTION

The Meghalaya State Electricity Regulatory Commission was notified by the Government of Meghalaya under the provision of Section 82 of the Electricity act 2003 on 26 March 2004. The Commission became functional on 6<sup>th</sup> of June, 2006 on which date the first Chairperson, Shri. Vinay Kohli, IAS (Retd) assumed charge. Shri. Kohli demitted office on 11 January, 2009. Shri P J Bazeley, IAS (Retd), took over as Chairman of the Commission on 1<sup>st</sup> July 2009 and demitted office on 22 February 2011. Present incumbent Shri. Anand Kumar joined the Commission on 2<sup>nd</sup> August 2011 as Commission Chairman. During the period, the Commission endeavoured to set up a fair, transparent and objective electricity regulatory process in the state of Meghalaya. The SIXTH Annual report was sent to Commission & Secretary, Power Department vide letter No. MSERC/AR/11-12/41 dated 29<sup>th</sup> September 2013. This SEVENTH Annual Report is for the year 2013-14.

## 2. THE COMMISSION

The Commission was constituted under the provision of the Electricity Act 2003. The commission is a body corporate having perpetual succession and common seal with power to acquire, hold and dispose of property both movable and immovable and to contract and shall by the said name sue or sued. In addition the commission is a quasi-judicial body with effect from 6<sup>th</sup> June 2006.

This commission is a one member Commission. In recognition of the need for multi-disciplinary approach while addressing issues related to independent regulation, the statute prescribes that the chairman shall be person of ability, integrity and standing who have adequate knowledge of and having shown capacity in dealing with problems relating to engineering, finance, commerce, economics, law or management. The chairman is appointed by the Government of Meghalaya from a panel recommended by Selection Committee constituted as prescribed under the statute. The statute also provides for the appointment of a secretary to the commission whose powers and duties are defined by the Commission.

## 3. MISSION OF THE COMMISSION

The mission of the Commission is to:

- (a) promote reforms in the electricity sector;
- (b) encourage transparency, competition and economy;
- (c) regulate the power purchase and procurement process of the distribution utilities.

- (d) secure that the legitimate interests of all stakeholders including the consumers.

#### **4. FUNCTIONS OF THE COMMISSION**

The Commission is vested with the responsibility of discharging the following statutory functions:

- (1) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be within the State;
- (2) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;
- (3) facilitate intra-State transmission and wheeling of electricity;
- (4) issue licenses to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
- (5) promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of distribution licensee;
- (6) adjudicate upon the disputes between the licensees and generating companies and to refer any dispute for arbitration;
- (7) levy fee for the purposes of the Electricity Act, 2003;
- (8) specify State Grid Code;
- (9) specify or enforce standards with respect to quality, continuity and reliability of service by licensee;
- (10) fix the trading margin in the inter-State trading of electricity, if considered necessary;
- (11) discharge such other functions as may be assigned to it under the Electricity Act, 2003;
- (12) advise the State Government on all or any of the following matters, namely:-

- (i) promotion of competition, efficiency, and economy in the activities of the electricity industry,
  - (ii) promotion of investment in electricity industry,
  - (iii) reorganisation and restructuring of the electricity industry in the State including, more particularly, matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by the State Government.
- (13) The State Commission shall ensure transparency while exercising its powers and discharging its functions.
- (14) In discharge of its functions the State Commission shall be guided by the National Electricity Policy, National Electricity Plan and tariff policy published under section 3.

## **5. CHAIRPERSON**

During the period under report, the Commission was headed by Shri Anand Kumar as Chairperson.

## **6. CONSULTATIVE BODIES**

The Chairman of the Commission is a member of the Forum of Regulators (FOR), a statutory body established in accordance with the provisions of sub-section 2 of section 166 of the Electricity Act, 2003.

During the period under review several meetings of the Forum and its sub-committees were held. These meetings helped in coordinating and aligning regulatory matters, policies and practices followed by different States.

The Chairman is also a member of the Forum of Indian Regulators (FOIR). This is a registered society and predates the Forum of Regulators. The membership of this body is not confined only to regulators in the Power sector. Several members of this forum have a wealth of experience of regulatory processes and procedures and the deliberations provide an opportunity for wide ranging in-depth examination of technical, legal and implementation issues.

## **7. HUMAN RESOURCE.**

Under the Electricity Act 2003, the Secretary of the Commission assist the Chairperson in all statutory matters and in personnel, administration, accounts/Finance. The present Secretary is Shri J.B.Poon, retired Chief Engineer (Electrical) of MeSEB. Smti. Marylene Synrem is the Finance and Accounts Officer. The other support staffs consists of two stenographers, one lower division assistant, two drivers, three peons, one cleaner and a chowkidar.

Besides full time employees, the Commission has been utilising the need based services of consultants in the disciplines of law, finance and electrical engineering.

## **8. OFFICE ACCOMODATION**

On September 2007, the State Government allotted one wing of the 1<sup>st</sup> floor of the New Administrative Building at Lower Lachumiere, Shillong. The Commission moved to these new premises in December, 2007.

## **9. LAN & WEBSITE:**

The computers in the Commission's office are connected through networking to local area network (LAN). The system is useful for access of any information. The commission has its own website, [www.mserec.gov.in](http://www.mserec.gov.in), which is regularly maintained and updated by the NIC. The website is used for hearing schedules, news, updated, tariff related issues, meetings, inviting comments on concept papers, regulations, petitions, tenders, job vacancies, etc. It also provides information on Consumer Grievances Redresal Forum and Ombudsman and guides the consumer for redressal of their grievances. Further information like updating notified Regulations, Orders and Reports are also available and can be downloaded from the website.

## **10. STATE ADVISORY COMMITTEE**

In exercise of the powers conferred under section 87 of the Electricity Act, 2003, the Commission, under a notification dated 5<sup>th</sup> February 2007, constituted the Meghalaya State Electricity Advisory Committee to advise on questions of policy, protection of interest of consumers, and other matters relating to supply and distribution of electricity in the State. This Committee has been reconstituted by the Commission on 17 March 2010 with the following members:

Chairperson Ex-officio	1.	:	The Chairman, Meghalaya State Electricity Regulatory Commission
Member Ex-officio	2.	:	The Principal Secretary/Commissioner and Secretary, Food, Civil Supplies and Consumer Affairs Department, Government of Meghalaya.
Members	3.	:	Shri. Macmillan Byrsat, Pyndegrei Village, PO: Nongstoin-793119, W K Hills.
	5.	:	Smti. J.E.Shullai, Shillong;
	6.	:	Prof. Eugene D. Thomas, Pro-Vice Chancellor, NEHU, Tura Campus Tura-794002, WGHills.
	7.	:	Shri. E.N.Marak, MCS(retired) Matchakolgre, New Tura Araimile West Garo Hills, Tura-794101

8. : Shri. S.K. Lato, Jowai;
  9. : Shri. Ramesh Bawri, President Confederation of Industries, Meghalaya, Bawri mansion, Dhankheti.
  10. : Chairman, the Institution of Engineers (India), Meghalaya Centre, Barik Point, L. Lachumiere, Shillong - 793001
  11. : Director (E&M) HQ,CE Shillong Zone, SE Falls, Shillong-11, Phone: 2534847
  12. : Vice President (BD), IEX, New Delhi).
- Convenor : Secretary, MSERC

### CGRF

MeECL vide notification No. MeECL/GA.II/270/2007/280 dated 20 January 2012 & MeECL/GA.II/270/2007/292 dated 18 April 2012, constituted the Consumer Grievances Redressal Forum with Headquarter at MeECL corporate office, Lumjingshai with the following members:

- 1 Smti. Mildred Iawphniaw  
Post Master General (Retd) - Chairperson
- 2 Shri. Jitendra Sarma. - Member  
  
CAO (Retd) MeECL
- 3 Shri. P.Lyngdoh  
Director (D) ( Retd), MePDCL - Member

### **Powers and function of the Forum:**

- (a) The Forum shall examine and consider all complaints that it receives and pass orders for the corporation to remedy the fault or defect within such time as it may decide.
- (b) In exercising its function the Forum shall have powers to call for information from the Corporation or any other person concerned and to hear him.
- (c) In dealing with any matter, the Forum may engage or consult a person having special knowledge or skill in the field.

- (d) A complaint shall be disposed of within a maximum period of fifteen days from the date of receipt and the complainant consumer and the Corporation shall be informed of the decision taken.

**Under the said Regulations, the grievances may relate to:-**

- (a) Voltage fluctuation.
- (b) Erratic supply of Electricity.
- (c) Defective billing.
- (d) Defective meters.
- (e) Defective street lights.
- (f) Default in attending to routine complaints.
- (g) Any other fault or defect which the licensee is duty bound to attend and rectify.
- (h) Non giving or delay in giving electricity connection to an applicant.

**The Hon'ble Tribunal has directed that, "all the State Commissions/ joint Commissions and Licensees shall send quarterly written status report regarding the functioning and performance in the approved format (complaints received/adjudicated or settled) to the Secretary, Forum of Regulators who will comply and post the said information online. He would also file a status report in this Tribunal once in 03 months in the Format already approved through our order dated 15-04-2010."**

The monthly status is being conveyed by the MSERC to the Secretary FOR in the said Format by 15<sup>th</sup> of each month so that APTEL can be apprised of.

## **12. OMBUDSMAN**

### **Powers and function**

- (1) If the licensee fails or neglects to remove or set right the fault or defect complained of by the consumer or if the Forum neglects or is otherwise unable to deal with the complaint made to it the aggrieved consumer may, within ten days from the last day of the time set for under sub-regulation 91) of regulation 6 or from the date of seeking redress from the Forum under sub-regulation (1) of regulation 4, as the case may be, make a representation to the Ombudsman for redresses of the grievance.



- (2) On receiving a representation, the Ombudsman shall after due examination and consideration settle the grievance of the consumer.
- (3) In exercising its function the Ombudsman shall have the powers to call for reply, information date, records and other related documents from the licensee or from any other person who may be concerned with and to hear them.
- (4) The Ombudsman may, if necessary, engage or consult a person having special knowledge or experience in the matter under consideration for this opinion or advice.
- (5) Notwithstanding anything contained in his regulation the Ombudsman may *suo-moto* take up any matter which is a subject of general grievance by consumers relating to supply of electricity in any area in the State.

In exercise of the power under section (2) of section 181 read with sub – section (5) and (7) of section 42 of the Electricity Act 2003 and the regulations framed there-under, the Meghalaya State Electricity Regulatory Commission presently Shri Karmel Marbaniang, is the Electricity Ombudsman.

**The Hon’ble Tribunal has directed that, “all the State Commissions/ joint Commissions and Licensees shall send quarterly written status report regarding the functioning and performance in the approved format (complaints received/adjudicated or settled) to the Secretary, Forum of Regulators who will comply and post the said information online. He would also file a status report in this Tribunal once in 03 months in the Format already approved through our order dated 15-04-2010.”**

The monthly status is being conveyed by the SERC’s to the Secretary FOR in the said Format by 15<sup>th</sup> of each month so that APTEL can be apprised of.

### **13. FINANCIAL RESOURCES**

Section 103 of the Electricity Act, 2003 provides for the creation of a State Electricity Regulatory Commission fund. Section 102 of the Act provides for grants and loans to be extended to the Commission by the State Government. In addition any revenue arising out of collection of fees by the Commission is also to be credited to this fund. Against this background the situation for the period under review is as follows:-

1. This Commission received Rs 126.00 Lakhs as grants-in-aid from State government in 2013-14.
2. In terms of fees the Commission has so far received Rs 25.15 lakhs from the Me.ECL & others for the tariff applications/petitions filed by them during the period.

#### **14. TARIFF ORDER FOR SLDC**

The Commission on 10<sup>th</sup> April 2014 issued Tariff Order for SLDC for fiscal year 2014-15 after due publicity, public hearing and consultation.

#### **15. TARIFF ORDER FOR TRANSMISSION**

The Commission on 10<sup>th</sup> April 2014 issued Tariff Order for MePTCL for fiscal year 2014-15 after due publicity, public hearing and consultation. While issuing the Tariff order the Commission gave number of new directives to the MePTCL to comply with.

#### **COMMISSION DIRECTIVES**

The Commission in its previous orders had issued a number of specific directions to the transmission utility with an objective of attaining operational efficiency and better functioning. The Commission has directed that transmission licensee shall comply with the provisions of the State Grid Code, CEA - Metering, Commission's Regulations. In this order the Commission issues new directions to the transmission licensee MePTCL which are as follows:

- (1) The licensee shall adhere with the provisions of State Grid Code with respect to interface meters, monitoring of drawl, record of keeping, scheduling and operation. The licensee shall also follow the CERC's guidelines with regard to operation and transfer of energy and apply their provisions.
- (2) The licensee shall make expeditious efforts for finalising their statement of accounts including separate fixed assets register for transmission business from the date of their start of business onwards. The Commission expects that next ARR filing for 2015-16 shall be done with the audited records of previous years.
- (3) The licensee shall submit the completion certificates of projects which are still not commissioned to the Commission after getting clearance from Electrical Inspector.
- (4) The licensee is directed to complete the process of ring fencing as per the recommendations of Girish Pradhan Committee by the time of next filing.

- (5) The licensee shall submit a status of metering and mechanism for recording and collection of information required for calculation of voltage wise losses at transmission level within a period of six months from the issue of this order and initiate the exercise of energy audit in the transmission sector.
- (6) MePTCL is required to submit the norms for O & M expenses, etc as per the Commission's regulation at the time of next tariff filing so that the Commission may take a view in the matter.
- (7) The transmission licensee shall comply with directives issued by despatch centres/appropriate authorities in order to maintain grid discipline immediately and report any major incident with the report to the Commission within 15 days of such incidents.

The Commission has determined the tariff of transmission for 2014-15 so as to allow all efficient and prudent cost to be incurred by the licensee. The Commission expects the licensee to complete their ongoing projects in time and within the approved budgets, in accordance with Commission's Orders & Regulations.

## **16. TARIFF ORDER FOR GENERATION**

The Commission on 10<sup>th</sup> April 2014 issued Tariff Order for MePGCL for fiscal year 4-15 after due publicity, public hearing and consultation. While issuing the Tariff order the Commission gave number of new directives to the MePGCL to comply with.

### **COMMISSION DIRECTIVES**

#### **Compliance Report on the directives given in the tariff order of 2013-14**

##### **Direction 1:**

Power purchase agreement: The regulation prescribes that there would be a power purchase agreement or commercial agreement between the company and beneficiary company. It will contain all the terms and conditions for purchase of energy and payment thereof. It would also cover the installed capacity and designed energy and the period of supply. The PPA should be in accordance with the tariff regulation notified by the Commission from time to time. Accordingly, the Commission directs the generating company and

MePDCL to have a commercial agreement for purchase of energy from MePGCL plants within three months of issue of this order.

**Compliance:**

MePGCL submitted that a power purchase agreement has already been signed between MePDCL and MePGCL, copy of which has been sent vide their letter dated 25.09.2013.

**Direction 2 :**

MePGCL shall file a tariff petition for new projects like Leshka and Lakroh after their COD achieved for determination of final tariff.

**Compliance:**

MePGCL submitted that revise cost estimate of the MLHEP was sent to CEA for vetting the same. Further it is informed that Government of Meghalaya has also form a state level technical committee for scrutiny of Leshka power project, report of which is awaited. The tariff filing shall be made after getting the project cost approved by CEA and others. For Lakroh project MePGCL submitted that it is yet to achieve commercial operation. MePGCL will be filing the petition as soon as the project is completed.

**Direction 3:**

Regulation prescribes that norms of operation shall be determined for each plant separately by calculating normative annual plant availability factor (NAPAF), auxiliary consumption and transformation losses. This year the Commission is not satisfied with the assumptions taken by the generating company for working out their NAPAF for each plant without any validated supporting information. The Commission directs MePGCL to conduct a study for determining the designed energy, availability, generation, water levels and determine NAPAF based on actual data and submit a report to the Commission with supporting data within six months time.

**Compliance:**

MePGCL has submitted a detailed report on the computation of NAPAF and designed energy vide their letter dated 25.09.2013. MePGCL has also studied

the station wise hourly generation for the last three financial years and the same is reflected in the ARR petition.

**Direction 4:**

Performance improvement: The Commission directs MePGCL to conduct a bench marking study of its plant with other efficient utilities to explore further scope of improvement in operational efficiency, optimal utilisation of the sources, man power rationalisation including incentive/disincentive schemes. This study should give bench mark for each plant in respect of key parameters including cost and submit a report within six months of this order.

**Compliance:**

MePGCL submitted a report on step taken on efficiency improvement vide its letter dated 25.09.2013. However, without segregated details of O & M cost for different station MePGCL is unable to conduct bench marking study by comparing the same with the other utilities.

**Direction 5:**

Renovation and modernisation of existing plant: The Commission directs MePGCL to make comprehensive RMU schemes for efficiency improvement and life extension of old and existing plants and submit the detailed project report to the Commission within a period of six months giving road map for completing these schemes.

**Compliance:**

MePGCL submitted that a detailed report on R & M on the existing plant for stage II is already submitted to the Commission vide letter dated 25.09.2013.

**Direction 6:**

Financial statement of accounts: The Commission directs MePGCL to complete their annual accounts for 2012-13 and get it audited as per the statutory requirement so that in the next year ARR determination the Commission is not handicapped for want of audited data.

**Compliance:**

MePGCL submitted that statements of account for FY 2010-11 for the combined business of MeECL have been placed before the statutory auditor for its audit. Similarly, the statement of accounts for FY 2011-12 for the MeECL is

being placed before the audit committee. For MePGCL, the process of trifurcation is under process and the statement of account for FY 2012-13 shall be prepared after the process is over.

**Direction 7:**

MePGCL shall open a depreciation reserve fund within 30 days of this order wherein the depreciation amount allowed against the existing plant shall be deposited. This fund shall be used for renovation and modernization work.

**Compliance:**

MePGCL informed that in absence of sufficient fund it is yet to open a separate depreciation reserve fund.

**New Directions**

**Improvement of Performance**

The Commission is concerned about the improvement in the performance of the Corporation so that the generation and the availability of the plants are improved. In order to conduct a bench mark study, the Commission has already directed the Corporation in its order for 2013-14. The Commission reiterate its position and direct the Corporation to conduct a benchmarking study of its plants with other efficient utilities like NHPC, to explore further scope of improvement. The Corporation is further directed to submit an action plan for implementation of efficiency improvement and manpower rationalisation measures giving target dates for completion of each milestone of proposed plan within six months of issuance of this order.

**Allocation of Common costs**

It is further directed the Corporation to work out the probable alternatives for rationally allocating the common/indirect expenses in the present context as well as considering future scenarios within a period of three months. The Corporation may also examine the practices being followed in similar utilities in other States as well as Centre Sector utilities like NTPC, NHPC, etc. and submit it a report for the consideration of the Commission within 6 months from issuance of this Order.

### **Control on Expense**

The Commission directs the Corporation to prepare an annual budget for FY 2014-15 for each and every plant and submit the same to the Commission within one month of the issuance of this Order so that expenses are made within the provision of tariff order and regulations.

The Commission expects from MePGCL to ensure compliances on directives issued by the Commission in timely manner and the efficiency at each level shall improve from the current level and will be at par with the best standards in the sector.

## **17. TARIFF ORDER FOR DISTRIBUTION**

The Commission on 12<sup>th</sup> April 2014 issued Tariff Order for MePDCL for fiscal year 2014-15 after due publicity, public hearing and consultation. While issuing the Tariff order the Commission gave number of new directives to the MePDCL to comply with.

In accordance with the provisions of Commission's Regulation the distribution Licensee has to implement the orders or directions issued by the Commission from time to time in respect of the conditions under the license. In exercising the powers given under the regulations, the Commission in order to protect the interest of the Consumers as well as the State Power Sector would like to issue following directives to MePDCL to be completed in the time frame as stipulated therein.

### **Compliance of earlier Directives**

The Commission in Tariff Order for FY 2012-13 has given certain directives to MePDCL which has submitted the compliance report, which does not fully comply with directives given.

The Commission has issued fresh directives in the Tariff Order for FY 2013-14. The status of compliance of the directives given is discussed below:

#### **1.1 Directives issued in FY 2012-13**

##### **Directive – 1**

The Commission directs the licensee to send action taken report along with the status of compliance to each directive issued in the last Tariff Order. This report should reach the Commission by 30<sup>th</sup> April, 2013.

##### **Compliance**

The Petitioner has submitted that the compliance on the directives issued by the Commission in FY 2012-13 had been submitted to the Commission vide Letter No DD/T/-440/2013-14/25 dated 30<sup>th</sup> April, 2013.

## 1.2 Directives issued in the Tariff Order FY 2013-14

The Commission had issued the fresh directives in the Tariff Order for FY 2013-14 stating that the performance of MeECL has not been satisfactory as the T&D losses continue to be high. The Commission in the Tariff Order of FY 2011-12 and FY 2012-13 has provided a trajectory for reduction of losses in next four years. In order to improve the commercial losses and efficiency improvement of 1.5% is again targeted for FY 2013-14. This will thus enable the licensee to get additional revenue of about Rs. 10 Crore in FY 2013-14. Accordingly, the Commission directs the MeECL to follow the directives given in this regard.

### **Compliance**

MePDCL has submitted that a report on the compliance of fresh directives have been submitted to the Commission vide letter no. DD/T-440/2013-14/41 dated 28<sup>th</sup> June 2013 and letter no. DD/T-440/2013-14/10 dated 31<sup>st</sup> October 2013. The abstract of these reports is submitted against each directive.

The fresh directives issued in Tariff Order for FY 2013-14 and the compliance are dealt below:

### **a) Directive-1**

To submit the Commission a concrete action plan to be undertaken by it in reducing the T&D loss and the AT&C loss in each circle. The action plan should cover time bound targets in reducing the commercial losses as per the trajectory for FY 2013-14. MePDCL should nominate a nodal officer in each circle to send report on actual losses, revenue billed and revenue collected each month to the Commission. List of nomination of each circle should be send by 1.5.2013.

### **Compliance:**

For the reduction of T & D loss and AT & C Loss, action is being taken with respect to energy audit, billing, testing & replacement of defective meters and vigilance activities.

The Chief Executive Officers are the nodal officers in each Distribution Circle, and

are responsible for monitoring and reporting the monthly revenue billed, revenue collected and actual loss to the higher authorities. The reports are being screened by the higher authorities for further improvement.

### **Commission's comments:**

Compliance is noted. The current of the energy audit and the results, replacement of defective meters shall be submitted by September, 2014.

### **b) Directive-2**

Reduction of losses can be done by using measures of change of defective meters, improvement in billing and collection and measures to check pilferages or thefts, conducting vigilances and inspection, changing from electro mechanical meters to electronic meters etc. This action plan should cover the targets fixed for each and every division or circle of MeECL for collecting additional about Rs. 0.66 Crore per month over and above the



normal sales target. This action plan should reach to the Commission by 01.05.2013.

**Compliance:**

The process for replacing defective meters is a continuous process. In the case of LT consumers, the meters are either procured by the office or by the consumer for replacement of the same. However, in the case of HT & EHT consumers, the meters are procured by the Corporation. The replacement of meters is carried out departmentally. Replacement of electro mechanical meters with static meters is also under process. It is targeted to change 20,000 meters by March 2014.

**Commission's observation**

The action taken is noted. The MePDCL is directed to submit quality report on the subject.

**c) Directive-3**

MePDCL shall start monitoring the performance of all six circles in distribution by getting information on sale, revenue and AT&C losses every month. MePDCL shall forward a monthly review report of all the circles to the Commission by 15<sup>th</sup> of every month.

**Compliance:**

Monthly reports were not submitted.

**Commission's comment**

The compliance of the above shall be reported by September, 2014.

**d) Directive-4**

MePDCL shall send an action plan for improvement in metering and billing for FY 2013-14. MePDCL shall forward a monthly report on target fixed for each circle for replacement of defective meters and compliance thereof. This report should reach the Commission every quarter.

**Compliance:**

Monthly reports are not being submitted regularly.

**Commission's comment**

The MePDCL is directed to submit monthly report regularly as directed.

**e) Directive-5**

MePDCL shall also forward a report to the Commission every quarter on the number of cases in each circle where meters are not read, or consumers are billed on nominative basis without meter reading and number of unmetered consumers. MePDCL shall also fixed target for monitoring such cases.

**Compliance:**

Monthly reports are not being submitted regularly.

**Commission's comment**

The report shall be reported every quarter as directed.

**f) Directive-6**

MePDCL shall forward within one month a report on the pilot study being done in Police Bazar on energy audit by metering distribution transformers.

The Commission has already directed MePDCL to start this work w.e.f. 01.09.2012.

**Compliance:**

Compliance is being done. It is being monitored by the Commission's officer.

**Commission's comment**

The progress report on the pilot study to be submitted by September, 2014.

**g) Directive-7**

The Commission directs MePDCL to make serious efforts on the metering and energy audit of industries in the State so as to know the correct level of consumption and revenue from this category. A report on this exercise should be made available to the Commission within three months of this order.

**Compliance:**

Compliance report has not been submitted.

**Commission's comment**

This is an important item to assess the correct level of consumption of industrial consumers and corresponding revenue. The report shall be submitted by September, 2014.

**h) Directive-8**

**Time of Day Tariff**

MePDCL is directed to prepare time of day provisions in their existing meters for consumers of HT industrial load and furnish data of the same to the Commission for Implementation of time of day tariff from the date of issue of next tariff order. The Commission also directs the licensee to make a proposal to the Commission with regard to peak hours and off peak hours during winter and summer so that the new tariff shall be worked out.

**Compliance:**

The billing software for TOD billing is yet to be developed to the proposal for TOD tariff will be submitted after the billing software is developed.

**Commission's comment:**

The development of required software shall be expedited.

**i) Directive-9**

**Computerised billing**

The Commission directs MePDCL to introduce computerised data base of consumers so that the consumer can deposit their bills at any collection centre. A status report on this project may be submitted within one month time.

**Compliance:**

The computerized data base of consumers under R-APDRP in the nine towns, namely Shillong, Jowai, Nongpoh, Nongstoin, Cherrapunjee, Mairang, Willaimnagar, Tura and Resubelpara are under preparation. Trial run of computerized billing at Nongpoh town had been taken up in October 2013. Computerized billing data base in respect of the remaining 8 towns is expected to be completed by March 2014. It is further submitted that MePDCL is also replacing BRADMA billing system (manual) with

D-BASE billing system (Computerized billing), the circle wise status of the same is mentioned below:

The status of computerized billing with the existing system circle- wise is as follows:

<b>Sl. No.</b>	<b>Circle</b>	<b>Percentage Computerization</b>
1	Eastern	100%
2	Shillong	100%
3	Central	51%
4	Western	59%
5	East Garo Hills	51%
6	West Garo Hills	67%

**Commission's comments**

Action taken is noted and the present status of implementation shall be reported by August, 2014.

**j) Directive-10**

**Energy Audit**

The Commission directs the management to look into this manner and take action on priority to start energy audit in at least those areas where consumption and revenue are highest. The action plan should be submitted to the Commission by 30<sup>th</sup> June 2013.

A report on metering status in all 33KV substations should be prepared to the Commission with plan for making them functional and reading of such meters are done on regular basis.

**Compliance:**

The energy audit in some parts of Shillong and Byrnihat area is being done.

Similarly, the energy audit in other areas has also been initiated. Normally the billing is being done as per the billing schedule. In addition to conducting Energy Audit internally, currently MePDCL is also assessing cost-benefit of conducting energy audit by third party.

**Commission's comments:**

The results of the energy audit in the areas whereas it is conducted shall be reported by September, 2014.

**k) Directive-11**

**Revenue Audit**

Commission directs MePDCL to get revenue audit of billing in each circle immediately from independent CAG approved auditors within three months of issue of this order. The auditor should check all industries and other revenue yielding consumers, domestic and commercial consumers in Shillong that they are being billed correctly on the basis of applied/allowed tariff and give their report to the Commission by 30<sup>th</sup> June 2013.

**Compliance:**

Revenue Audit is being carried out internally by the Internal Audit team of the Corporation. Similarly, the transaction audit which includes revenue audit is being done by the Comptroller Auditor General (CAG).

**Commission's comments:**

The results/observation of the revenue audit shall be reported by September, 2014.

**l) Directive-12**

**Improvement in Supply**

The Commission directs MePDCL to supply electricity to all parts of the State without discrimination as the first priority and in case of no existing demand or additional demand in the State this surplus energy should be sold outside either on bilateral or competitive basis. Monthly report on availability of energy, supply hours in all circles should be made available to the Commission starting from 1<sup>st</sup> June, 2013.

**Compliance:**

At present there is no power regulation by MePDCL.

**Commission's comments:**

The MePDCL is directed to submit monthly report as directed.

**New Directives**

**m) Directive-13**

The audited financial statement has not been furnished by MePDCL for the financial year 2012-13 which is mandatory under MSERC (Terms and conditions for determination of tariff) Regulations 2011. It may be mentioned that as per section 210 of the Companies Act, 1956 read with section 166, a company has to place the audited accounts within six months of the end of the financial year or such extended time granted by Registrar of Companies in the AGM for adoption. Thus MePDCL should have adopted the audited financial statement for the financial year 2012-13 by 30.09.2013. MePDCL has also not submitted unaudited financial statement for 2012-13 approved by the Board of Directors.

The MePDCL is directed to submit all the previous year's audited accounts up to FY 2012-13 by 30.06.2014.

**n) Directive- 14**

MePDCL is directed to forward monthly report on energy purchase, energy sold, revenue bills and revenue collected to the Commission.

**o) Directive-15**

MePDCL should expedite the settlement of power purchase dues of the prior period by setting up a committee so as to restore the power regulation in the interest of the consumers. The State Government should also look into the matter and settle the previous liabilities towards power purchase payables pending prior to restructuring.

**p) Directive-16**

MePDCL is directed to implement the Energy conservation and Demand Side Management (DSM) as under:

- To initiate action to implement TOD measure at the earliest.
- To encourage use of CFL under Kutir Jyoti and RGGVY under Energy Conservation Plan/Assistance.
- To open “Awareness Cell” at headquarter level for implementing DSM plans/initiatives.
- Energy Audit at Power Intensive Industries should be implemented in association with Bureau of Energy Efficiency.

The compliance report on the above shall be submitted by 30<sup>th</sup> September, 2014.

## **18. FINANCIAL DISCIPLINE**

In terms of sub-section (1) of section 104 of the Electricity Act 2003, the Commission is required to maintain accounts and other records and prepare Annual Statement of Accounts in such forms as may be prescribed by the State Government in consultation with Comptroller and Auditor General of India (CAG). Under the provisions of sub-section (2) of Section 104 of the Act *ibid*, such Accounts are to be audited by the CAG.

## **19. AUDIT REPORT**

The Commission engaged CAG empanelled statutory auditor M/s Randall & Co. Chartered Accountant for internal auditing to audit the accounts of the Commission for the 2006-07 to 2009-10 and M/s R. Pal & Co. Chartered Accountant for auditing the accounts of the Commission for 2010-11 to 2013-14.

Fund & Accounts Rule of MSERC was vetted by Controller & Auditor General of India and duly notified in the gazette of Meghalaya on 10<sup>th</sup> April 2014.

CAG has already audited the accounts of the Commission from 2006-07 to 2012-13 and the AG audit report from 2006-07 to 2009-2010 received and attached with this report.

## **20. CONCLUSION**

Commission will be monitoring the action taken on the directives issued to MeECI on submission of performance reports. During the period under review, the Commission received considerable support and encouragement from the Government, the Meghalaya Energy Corporation Ltd. and from all section of the public of Meghalaya. It is expected that this support will continue during ensuing years and the Commission would be in a position to consolidate the work done so far and take further strides towards establishing sustainable electricity regulatory and reform process in Meghalaya.